



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

January 05, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

21

January 5, 2016


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**DELEGATE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO AMEND THE LEASE
AGREEMENT AND ACCOMPANYING LOAN DOCUMENTS BETWEEN THE COUNTY OF LOS
ANGELES AND THE MARTIN LUTHER KING, JR.-LOS ANGELES HEALTHCARE
CORPORATION AND APPROVE APPROPRIATION ADJUSTMENT
(SECOND DISTRICT)
(3-VOTES)**

SUBJECT

The recommended actions will delegate authority to the Chief Executive Officer to amend the lease agreement and revolving credit agreement with Martin Luther King, Jr.-Los Angeles Healthcare Corporation (MLK-LA Healthcare) and will approve an appropriation adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Chief Executive Officer to execute an amendment to the lease agreement and an amendment to the revolving credit agreement with MLK-LA Healthcare to authorize MLK-LA Healthcare access to an additional \$40.0 million via the short-term revolver loan, from execution of the lease/loan amendments until June 30, 2016.

2. Approve a budget adjustment that transfers \$40.0 million from obligated fund balance committed for budget uncertainties to obligated fund balance for nonspendable long-term loans receivable for the Martin Luther King, Jr. Community Hospital (MLKCH).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will delegate authority to the Chief Executive Officer to amend an existing lease agreement and the related revolving credit agreement (substantially similar to Attachments I and II) to provide additional financial support to MLK-LA Healthcare to assist with post-hospital opening expenses. The additional financial support includes an increase in short-term revolver loan funding in the amount of \$40.0 million, to be made available upon execution of the lease/loan amendments and repaid by MLK-LA Healthcare by June 30, 2016.

Background

In August 2007, Martin Luther King, Jr.-Harbor Hospital (MLK) ceased provision of services due to a suspension of its license, although ambulatory care services continued to be provided through the County-operated MLK Multi-Service Ambulatory Care Center. In Spring 2008, the County, in an effort to restore inpatient services, approached the Regents of the University of California (UC) to develop a plan under which this could be accomplished. On July 13, 2010, the Board approved the Coordination Agreement which defines the commitments of the County and the UC regarding their respective roles in the opening of a new private, non-profit community hospital on the MLK campus. The Coordination Agreement, among other things, committed the County to provide MLK-LA Healthcare with one-time start-up and annual ongoing financial assistance.

On April 22, 2014, the Board authorized the County to enter into a 40-year lease, with three 10-year optional renewal terms, pursuant to which MLK-LA Healthcare occupies the Martin Luther King, Jr. Inpatient Tower on the Martin Luther King, Jr. Medical Campus. Additionally, the lease agreement included updated financial support for MLK-LA Healthcare in the form of various grants and loans. Martin Luther King, Jr. Community Hospital (MLKCH) opened for patient care on May 14, 2015. MLKCH was accredited by the Joint Commission on June 30, 2015, opened its emergency department on July 7, 2015 and began accepting ambulance runs on August 11, 2015. To date, MLKCH patients have been approximately 85 percent to 90 percent covered by Medi-Cal.

In 2010, the County helped create and pass legislation (California statute AB 2599) that entitles MLKCH to Medicaid Supplemental Funding (SF) and an inter-governmental transfer (IGT) from the County of up to \$50.0 million, which is then enhanced by a federal match. Together, these funding sources are projected to provide over half of MLKCH's operating revenue in Fiscal Year 2015-16. As these funds are financed through the Medicaid program, a Medicaid State Plan Amendment (SPA) must be submitted to and approved by the Centers for Medicare and Medicaid Services (CMS). A draft SPA for the MLKCH SF/IGT was submitted to CMS by the California Department of Healthcare Services (CA-DHCS) on June 30, 2015. Despite assistance from DHS and CA-DHCS, finalization of the SPA has taken longer than anticipated. MLK-LA Healthcare's original financial projections called for SF/IGT to be available in December, 2015. However, based on comments from CMS to the original submission, the SPA was redrafted by CA-DHCS and re-submitted to CMS in mid-December 2015. As a result of this unanticipated delay, due to no fault of MLK-LA Healthcare, DHS or CA-DHCS, MLK-LA Healthcare may experience cash flow challenges as soon as mid-January 2016. These cash flow challenges will continue until the SPA is approved and the SF/IGT payments are made to MLKCH. Currently, MLK-LA Healthcare, DHS and CA-DHCS are continuing to work with CMS to get the SPA approved. Approval is anticipated to occur in the first quarter of Calendar Year 2016. Given this schedule, it is recommended that the County temporarily increase one of the existing loans extended to MLK-LA Healthcare under the terms of the lease; a temporary increase of \$40.0 million to the existing \$20.0 million short-term revolver loan, for a total of \$60.0 million. The

temporary \$40.0 million increase is to be repaid by June 30, 2016 and will assist MLK-LA by providing temporary assistance to fill this gap in funding. On July 1, 2016, the revolving line of credit will be reset to \$20.0 million as originally set forth in the lease and loan agreements.

Implementation of Strategic Plan Goals

The countywide Strategic Plan goal of Operational Effectiveness (Goal 1) directs that the County maximize the effectiveness of processes, structure, operations and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The approval of the recommended actions will support this goal by providing MLK-LA Healthcare with access to additional short-term funding, to continue to provide hospital services for the benefit of the public.

FISCAL IMPACT/FINANCING

Approval of this action will allow for the transfer of \$40.0 million of obligated fund balance committed for budget uncertainties to supplement the loan receivable that would be available for MLK-LA Healthcare on a multiple draw basis. Under the terms of both the lease and loan amendment documents, the \$40.0 million becomes repayable to the County by June 30, 2016.

The County's Cash Management Committee, made up of representatives of the Chief Executive Office, Auditor-Controller and the Treasurer and Tax Collector, have determined that this short-term loan is manageable, given the County's current, and projected, cash flows.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to establishing the terms of the lease between the County and MLK-LA Healthcare, the lease agreement also included provisions related to grants made available to MLK-LA Healthcare and also provides for the execution of a variety of loan documents which contain the terms for the loans and their repayment. The recommended action requires an amendment to both the lease agreement and to the revolving credit agreement to temporarily augment the short-term revolver loan by \$40.0 million.

CONTRACTING PROCESS

MLK-LA Healthcare was established by the County for the sole purpose of operating an inpatient hospital on the site of the former County owned and operated MLK campus. Through the combined efforts of MLK-LA Healthcare, the County and the UC, MLKCH opened on May 14, 2015 and is providing inpatient healthcare services to the residents of South Los Angeles County. As a result, the County's customary contracting processes do not apply to these agreements.

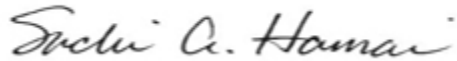
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will support the goal of providing quality inpatient healthcare services to the residents of South Los Angeles County.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Budget, Health and Mental Health Services and the Department of Health Services.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI
Chief Executive Officer

SAH:JJ:SK
MM:EB:bjs

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Health Services
Treasurer and Tax Collector

PINK

BA FORM 03/13

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICE

DEPT'S. NO. 060

December 15, 2015

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2015-16

3 - VOTES

SOURCES

GENERAL FUND
A01-3047
Committed for Budget Uncertainties
DECREASE OBLIGATED FUND BALANCE

USES

GENERAL FUND
A01-303B
Nonspendable for loan receivable-MLK Community Hospital
INCREASE OBLIGATED FUND BALANCE

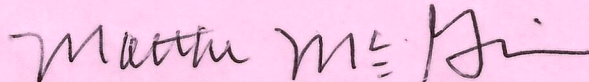
SOURCES TOTAL: \$ 40,000,000

USES TOTAL: \$ 40,000,000

JUSTIFICATION

Temporary augmentation of \$40,000,000 to existing revolver loan to MLK-LA Healthcare, operator for the MLK Community Hospital, for additional financial support with post-hospital opening costs.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

- 21 JAN 05 2016


PATRICK OSAWA
ACTING EXECUTIVE OFFICER

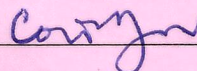
REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY



B.A. NO. 060

Dec. 16

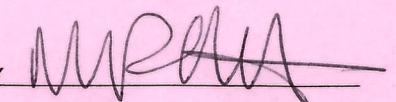
20 15

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY



DEC. 17

20 15

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this “**Amendment**”) is made and entered into as of January ____, 2016, by and between COUNTY OF LOS ANGELES, a body politic and corporate (“**Landlord**”) and MARTIN LUTHER KING, JR.-LOS ANGELES (MLK-LA) HEALTHCARE CORPORATION, a California non-profit public benefit corporation (“**Tenant**”).

RECITALS

WHEREAS, Landlord and Tenant are parties to that certain Lease Agreement dated as of April 25, 2014 (the “**Original Lease**”), pursuant to which Tenant leases from Landlord the land and improvements located in Los Angeles, California upon which Tenant operates the acute care hospital and related facilities known as “Martin Luther King, Jr. Community Hospital” (the “**Hospital**”). All capitalized terms used, but not defined, in this Amendment have the meanings given to them in the Original Lease;

WHEREAS, Tenant’s original financial projections for the operation of the Hospital were based upon the expectation that (i) Tenant would begin receiving, in December 2015, annual IGT Benefits and Medicaid supplemental funding, and (ii) such benefits and supplemental funding (collectively, the “**Medicaid Related Benefits**”) would collectively account for approximately sixty-four percent (64%) of Tenant’s operating revenue for the 2015-2016 Fiscal Year;

WHEREAS, before the Medicaid Related Benefits can be paid to Tenant, a Medicaid State Plan Amendment (“**SPA**”) authorizing the payment of the Medicaid Related Benefits must be approved by the Centers for Medicare & Medical Services (“**CMS**”);

WHEREAS, due to no fault of Landlord or Tenant, CMS approval of the SPA has been delayed and, as a result thereof, Tenant will not receive any Medicaid Related Benefits in December 2015, and Tenant expects to experience a considerable cash flow shortfall by mid-January 2016 and continuing thereafter through the first quarter of 2016; and

WHEREAS, in order to assist Tenant with addressing such cash flow shortfall, Landlord is willing to temporarily increase the borrowing limit under the Revolving Line of Credit by Forty Million Dollars (\$40,000,000).

AGREEMENT

NOW THEREFORE, Landlord and Tenant desire to amend the Original Lease to reflect the aforesaid temporary change to the Revolving Line of Credit on the terms and conditions set forth in this Amendment.

1. Amendment to Revolving Line of Credit. Concurrent with the execution of this Amendment, Landlord and Tenant shall execute a First Amendment to the Revolving Line of Credit Agreement in the form attached hereto as **Exhibit A** (the “**Line of Credit Amendment**”) pursuant to which Landlord shall temporarily increase the Tenant’s borrowing capacity under the Revolving Line of Credit by Forty Million Dollars (\$40,000,000) on the terms and conditions set forth in the Line of Credit Documents, as amended by the Line of Credit Amendment.

2. Ratification; No Claims. Except as specifically amended or modified herein, each and every term, covenant, and condition of the Original Lease is ratified and shall remain in full force and

effect. Tenant represents and warrants as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Original Lease by Landlord, (b) no Landlord Event of Default currently exists, and (c) Landlord has not committed any default of its obligations under the Original Lease which, with the passage of time or the giving of notice or both, would constitute a Landlord Event of Default.

3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[The rest of this page is intentionally blank. Signatures appear on the next page.]

IN WITNESS WHEREOF, Tenant has executed this Amendment or caused it to be duly executed, and Landlord, pursuant to the order of the Los Angeles County Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chair of said Board on the day, month and year first written above.

LANDLORD:

COUNTY OF LOS ANGELES

By: CHIEF EXECUTIVE OFFICER

By: _____
SACHI A. HAMAI

TENANT:

MARTIN LUTHER KING, JR.-LOS
ANGELES (MLK-LA) HEALTHCARE
CORPORATION, a California nonprofit
corporation

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: _____
Name: _____

APPROVED AS TO FORM:

GLASER WEIL FINK HOWARD
AVCHEN & SHAPIRO, LLP

By: _____
Saul Breskal, Partner

EXHIBIT A

FORM OF LINE OF CREDIT AMENDMENT

[attached]

**FIRST AMENDMENT TO
REVOLVING CREDIT AGREEMENT**

by and between

**COUNTY OF LOS ANGELES,
as Lender,**

and

**MARTIN LUTHER KING, JR.-LOS ANGELES (MLK-LA)
HEALTHCARE CORPORATION,
as the Borrower**

Dated January __, 2016

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FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this "First Amendment") executed and entered into January __, 2016, is by and between the County of Los Angeles, a body politic and corporate (the "Lender"), and Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation, a nonprofit corporation existing under the laws of the State of California (the "Borrower").

RECITALS

WHEREAS, the Lender and the Borrower entered into a Lease Agreement, effective as of April 25, 2014 (the "Original Lease"), pursuant to which the Lender has agreed to lease to the Borrower and the Borrower has agreed to lease from the Lender certain Premises (as defined in the Original Lease and described in Exhibit A thereto); and

WHEREAS, pursuant to the Original Lease, the Lender entered into a Revolving Credit Agreement dated as of May 9, 2014 (the "Original Credit Agreement") with the Borrower to provide for a \$20 million Line of Credit to assist the Borrower in funding temporary cash flow shortfalls following the Hospital Opening resulting from day-to-day expenditures in the Borrower's ordinary course of business; and

WHEREAS, the Lender and the Borrower desire to amend the Original Credit Agreement to provide for an Additional Available Commitment (as defined herein) of \$40 million for the period commencing with the date hereof and ending on June 30, 2016; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this First Amendment do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Amendment;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND AUTHORIZATION

Section 1.1. Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein but not defined in this First Amendment shall, for all purposes of this First Amendment, have the meanings specified in the Original Lease and the Original Credit Agreement; and the additional terms defined in Article II hereof shall, for all purposes of this First Amendment, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Amendment, refer to this First Amendment as a whole.

Section 1.2. Authorization for First Amendment. This First Amendment is entered into in accordance with Section 8.05 of the Original Credit Agreement.

Section 1.3. Representations, Warranties, Covenants and Agreements. The County and the Authority each confirm the representations, warranties, covenants and agreements made in the Master Sublease.

ARTICLE II

AMENDMENTS TO ORIGINAL CREDIT AGREEMENT

Section 2.1. Amendments to Section 1.01. (a) Section 1.01 of the Original Credit Agreement is hereby amended by modifying the following terms:

“Advance Termination Date” means, with respect to the Available Commitment, the earlier of (i) the Business Day preceding the Maturity Date and (ii) the date the Commitment terminates in accordance with Section 7.02, and with respect to the Additional Available Commitment, the earlier of (i) June 29, 2016 and (ii) the date the Additional Commitment Terminates in accordance with Section 7.02.

“Maturity Date” means, with respect to amounts advanced pursuant to the Available Commitment and the Note relating thereto, the date that is ten (10) years following the date of the Hospital Opening and, with respect to amounts advanced pursuant to the Additional Available Commitment and the Note relating thereto, June 30, 2016.

“Note” means, with respect to the Available Commitment, the promissory note of the Borrower in the aggregate principal amount of \$20,000,000 in the form attached hereto as Exhibit A and, with respect to the Additional Available Commitment, the promissory note of the Borrower in the aggregate principal amount of \$40,000,000 in the form attached hereto as Exhibit E.

(b) Section 1.01 of the Original Credit Agreement is hereby amended by adding the following term:

“Additional Available Commitment” means, as of the date of this First Amendment, \$40,000,000 and on any date thereafter such amount shall be (a) decreased in an amount equal to any Advance or any Revolving Loan in respect of such Advance in connection with the Additional Available Commitment; (b) increased in an amount equal to the principal amount of any Revolving Loan that is prepaid in connection with the Additional Available Commitment; (c) decreased in an amount equal to any reduction thereof effected pursuant to Section 7.02; and (d) decreased to zero upon the expiration or termination of the Additional Available Commitment in accordance with the terms hereof.

“Additional Available Commitment Period” means the period commencing on the date of the First Amendment and ending on June 30, 2016.

“Aggregate Available Commitment” means the Available Commitment plus the Additional Available Commitment.

“First Amendment” means this First Amendment to Revolving Credit Agreement, dated January __, 2016.

Section 2.2. Amendment to Section 3.02(a) and (b). Section 3.02(a) and (b) of the Original Credit Agreement are amended to be as follows (changes being underlined and deletions been struck through):

(a) The Lender hereby agrees, subject to the terms and conditions of this Agreement, to loan an aggregate amount of \$20,000,000 to the Borrower, which amount will be deposited by the Lender on the Funding Date in the “Line of Credit Project Fund” established as a separate account within the County Treasury. The Lender also agrees, subject to the terms and conditions of this Agreement and for the Additional Available Commitment Period, to loan an aggregate amount of \$40,000,000 to the Borrower, which amount will be deposited by the Lender in the Line of Credit Project Fund prior to the first Advance relating thereto. The moneys in the Line of Credit Project Fund will be used and withdrawn from time to time, in one or more installments, to pay costs of the Project upon submission by the Borrower to the Lender of a Request for Advance in the form attached hereto as Exhibit B, at least three (3) Business Days in advance of the proposed withdrawal date. The final withdrawal from the Line of Credit Project Fund shall be no later than the Advance Termination Date. Any moneys held in the Line of Credit Project Fund will be invested by the Lender, on behalf of the Borrower, in the Los Angeles County Pooled Surplus Investment Portfolio. The Lender shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. Any interest or profits received with respect to investments of the Line of Credit Project Fund will be retained in the Line of Credit Project Fund.

(b) Subject to the terms and conditions of this Agreement, the Lender agrees to make Advances from time to time on any Business Day, commencing on the Funding Date with respect to the Available Commitment and commencing on January __, 2016 with respect to the Additional Available Commitment, and ending on the Advance Termination Date, in amounts equal to the least of (1) the Borrower’s amount of working capital computed pursuant to Section 4.02(a)(v), (2) the amount of projected cash flow required by the Borrower for the thirty (30) calendar days commencing with the date of the Request for Advance computed pursuant to Section 4.02(a)(i), and (3) the amount requested by the Borrower pursuant to a Request for Advance, provided that such amounts does not exceed, during the Additional Available Commitment Period, the Aggregate Available Commitment, and during all other times under this Agreement, at any time outstanding the Available Commitment. The aggregate amount of all Advances made on any Advance Date shall not exceed the Available Commitment or the Aggregate Available Commitment, as applicable (calculated without giving effect to any Advances made on such date), at 9:00 am (Los Angeles time) on the date of the Request for Advance.

Section 2.3. Amendment to Section 3.03(b) and (c). Section 3.03(b) and (c) of the Original Credit Agreement is amended to be as follows (changes being underlined and deletions been struck through):

(b) The Revolving Loans with respect to the Available Commitment shall be evidenced by a promissory note of the Borrower to the Lender in substantially the form set forth in Exhibit A hereto, payable to the Lender in a principal amount up to the Available Commitment on the Effective Maturity Date thereof. The Revolving Loans with respect to the Additional Available Commitment shall be evidenced by a promissory note of the Borrower to the Lender in substantially the form set forth in Exhibit E hereto, payable to the Lender in a principal amount up to the Additional Available Commitment on the Maturity Date thereof. All Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the related Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Borrower hereunder or under the related Note in respect of unpaid principal and interest on any Revolving Loan.

(c) Each Revolving Loan shall bear interest from the related Advance Date to the date the Lender is reimbursed therefor at the Interest Rate (computed on the basis of a 365/366-day year and the actual days elapsed) determined on each Interest Rate Determination Date. For the Interest Rate Period commencing an Advance Date and ending on the day preceding the applicable initial Interest Reset Date, each Revolving Loan shall bear interest at the Interest Rate as of the applicable Advance Date. For each subsequent Interest Rate Period, such Revolving Loan shall bear interest at the Interest Rate determined on the Interest Rate Determination Date immediately preceding the Interest Reset Date of the applicable Interest Rate Period. Interest accruing on the principal amount of all Advances outstanding in connection with the Available Commitment from time to time shall be payable on May 1 and November 1 of each year, commencing on the November 1 following the Hospital Opening and interest accruing on the principal amount of all Advances outstanding in connection with the Additional Available Commitment from time to time shall be payable on June 30, 2016, in each case until ~~the Line of Credit~~ each Note is repaid in full or upon earlier demand in accordance with the terms hereof or prepayment in accordance with Section 3.07 hereof (each such date being an "Interest Payment Date"). Payment of the principal of the each Note shall be made by the Borrower on the applicable Maturity Date in accordance with the Schedules set forth as Exhibit A and Exhibit B hereto.

Section 2.4. Addition of Exhibit E. Appendix I to this First Amendment is hereby incorporated as Exhibit E to the Original Credit Agreement.

ARTICLE III

MISCELLANEOUS

Section 3.1. Effect of First Amendment. This First Amendment and all of the terms and provisions herein contained shall form part of the Original Credit Agreement as fully and

with the same effect as if all such terms and provisions had been set forth in the Original Credit Agreement. The Original Credit Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Amendment and the terms of the Original Credit Agreement (as in effect on the day prior to the effective date of this First Amendment), the terms of this First Amendment shall prevail.

Section 3.2. Binding Effect. This First Amendment shall inure to the benefit of and shall be binding upon the Lender and the Borrower and their respective successors and assigns.

Section 3.3. Severability. In the event any provision of this First Amendment shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 3.4. Execution in Counterparts. This First Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 3.5. Applicable Law. This First Amendment shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 3.6. Effective Date. This First Amendment shall become effective upon its execution on the date first written above.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, all as of the day and year first written above.

LENDER:

COUNTY OF LOS ANGELES

By: CHIEF EXECUTIVE OFFICER

By: _____
SACHI A. HAMAI

BORROWER:

MARTIN LUTHER KING, JR.-LOS ANGELES
(MLK-LA) HEALTHCARE CORPORATION, a
California nonprofit corporation

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: _____
Principal Deputy County Counsel

APPROVED AS TO FORM:

HAWKINS DELAFIELD & WOOD LLP

[Signature Page to the First Amendment]

APPENDIX I

EXHIBIT E

[FORM OF NOTE]

\$40,000,000

Dated January __, 2016

For value received, MARTIN LUTHER KING, JR.-LOS ANGELES (MLK-LA) HEALTHCARE CORPORATION, a nonprofit corporation existing under the laws of the State of California (the "Borrower"), promises to pay to the order of the COUNTY OF LOS ANGELES a body politic and corporate, and its successors and assigns (the "Lender") the amount of FORTY MILLION DOLLARS AND NO CENTS (\$40,000,000) or, if less, the aggregate unpaid principal amount of all Advances and Revolving Loans with respect to the Additional Available Commitment made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), by and between the Borrower and the Lender, on the dates and in the amounts provided for in the Agreement.

The Borrower promises to pay interest on the unpaid principal amount of all Advances and Revolving Loans on the dates and at the rates provided for in the Agreement and to make principal payments in the amounts and on the dates provided for in the Agreement. This Note is payable solely from all available moneys of the Borrower in accordance with the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Note with respect to the Additional Available Commitment referred to in the Agreement and is entitled to the benefits thereof and of the Borrower Documents referred to therein. As provided in the Agreement, this Note is subject to prepayment, in whole or in part. In case an Event of Default shall occur and be continuing the principal of and accrued interest on this Note may be declared due and payable in the manner and with the effect provided in the Agreement.

MARTIN LUTHER KING, JR.-LOS
ANGELES (MLK-LA) HEALTHCARE
CORPORATION, a California nonprofit
corporation

By _____
Name:
Title:

TRANSACTIONS ON NOTE

Date	Amount of Loan Made	Amount of Principal Paid	Date to Which Interest Paid	Notation Made By
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